

Message Text

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44

ACTION AF-06

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TO SECSTATE WASHDC 4426

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E.O. 11652: N/A

TAGS: EFIN EMIN EINV MR

SUBJECT: MAURITANIAN COPPER MINES REMAIN CLOSED

REF: NOUAKCHOTT 413

SUMMARY: MAURITANIA'S COPPER MINES, SOCIETE MINIERE DE MAURITANIE (SOMIMA), WERE TAKEN OVER BY GOVERNMENT IN AMICABLE SETTLEMENT ON FEBRUARY 25, 1975 (REFTEL). FOLLOWING DEPARTURE OF KEY TECHNICIANS, MINES CLOSED DOWN IN MAY 1975 AND REMAIN CLOSED TO PRESENT DAY. MANAGEMENT HOPES TO REOPEN THEM IN NOVEMBER. IN MEANTIME, THIS IS BAD NEWS FOR GIRM FOREIGN EXCHANGE SITUATION. END SUMMARY.

1. MAURITANIA IS NOT AN IMPORTANT COPPER PRODUCER ON WORLD SCALE. SOMIMA MINES AT AKJOUT PRODUCED 32,900 TONS OF COPPER CONCENTRATE AND 20,079 TONS OF COPPER METAL IN 1974. FOLLOWING FEBRUARY 25 GOVERNMENT TAKEOVER OF SOMIMA (I.E. IT WAS PLACED UNDER CONTROL OF GIRM INDUSTRIAL HOLDING COMPANY, SOCIETE NATIONALE INDUSTRIELLE ET MINIERE-SNIM), COPPER MINES OPERATED NORMALLY UNTIL LIMITED OFFICIAL USE

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MAY. MAURITANIAN OXIDE ORES ARE MINED BY SOPHISTICATED

"TORCO" PROCESS. PRIOR TO TAKEOVER, CHARTER CONSOLIDATED PROVIDED MANAGEMENT AND TECHNICIANS AND AGREED TO CONTINUE SNUEMENT CONTRACT AFTER FEBRUARY 25. UNFORTUNATELY, HOWEVER, NUMBER OF KEY TECHNICIANS DECIDED DURING ENSUING MONTHS TO LEAVE MAURITANIA, FORCING MINES TO CLOSE DOWN UNTIL REPLACEMENTS CAN BE BROUGHT IN. (RECENT DEPRESSED COPPER PRICES PROVIDE LITTLE INCENTIVE TO RUSH REPLACEMENTS TO MAURITANIA.) AS RESULT, TOTAL PRODUCTION SO FAR FOR 1975 HAS BEEN ONLY 10,147 TONS OF COPPER CONCENTRATE AND 5,926 TONS OF COPPER METAL.

2. ACCORDING TO SNIM OFFICIAL, CHARTER CONSOLIDATED HOPES TO RESUME MINING OPERATIONS IN NOVEMBER. THERE IS CONSIDERABLE DOUBT, HOWEVER, AS TO FEASIBILITY OF RECOMMENCING OPERATION THIS EARLY. FURTHERMORE, MINES WERE LOSING SUBSTANTIAL SUMS OF MONEY PRIOR TO GOVERN-MENJA OVER AND NO ONE IS OPTIMISTIC THAT SOMIMA WILL BREAK INTO BLACK ANYTIME SOON. GIRM HAS DECIDED TO CONTINUE EXPLOITATION OF DIFFICULT OXIDE ORES WHILE AI C GBVING AHEAD WITH PLANS TO EXPLOIT SULFIDE ORES. (OXIDE RESERVES AT AKJOUT ARE ESTIMATED TO BE 7,698,000 METRIC TONS AT 2.7 PERCENT COPPER AND 3.1 GRAMS OF GOLD PER TON. SULFIDE RESERVES ARE ESTIMATED TO BE 35,927,000 METRIC TONS AVERAGING 1.28 PERCENT COPPER AND 0.8 GRAMS OF GOLD PER TON.)

3. SNIM OFFICIAL ADDED THAT MAURITANIA STILL HAS ON HAND ENOUGH MINED PRODUCT TO FILL ONE MORE SHIP. ONCE THIS VESSEL IS LOADED UP, PROBABLY THIS MONTH, THERE WILL BE NO MINED COPPER ORE LEFT IN MAURITANIA.

4. COMMENT: TAKEN TOGETHER WITH RECENT, SHARP DOWN-TURN IN IRON ORE EXPORTS (TO BE REPORTED SEPARATELY), SHUTDOWN OF COPPER MINES WILL HAVE, INEVITABLY, ADVERSE IMPACT ON GIRM FOREIGN EXCHANGE EARNINGS. PRESUMABLY SOMIMA CONTRANW PERSONNEL STILL ON HAND ARE CONTINUING TO RECEIVE PAYCHECKS EVEN THOUGH NO MINING IS TAKING PLACE. THERE ARE ALSO FIXED MAIHENANCE AND UPKEEP EXPENSES AT COPPER MINES DURING INTERREGNUM UNTIL LIMITED OFFICIAL USE

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COPPER MINES REOPEN. ALL OF THIS IS BAD NEWS FOR COUNTRY HEAVILY DEPENDENT ON ORE SALES AND, INCREASING-LY NOW, HANDOUTS FROM FRIENDLY ARAB NEIGHBORS.HANDYSIDE

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